CIHR@15

CANADIAN INSTITUTES OF HEALTH RESEARCH

ANNUAL REPORT 2014–15

Canadian Institutes of Health Research | Instituts de recherche en santé du Canada

Canada

The Canadian Institutes of Health Research (CIHR) is the Government of Canada's health research investment agency. CIHR's mission is to create new scientific knowledge and to enable its translation into improved health, more effective health services and products, and a strengthened health care system for Canadians. Composed of 13 Institutes, CIHR provides leadership and support to more than 13,000 health researchers and trainees across Canada.

CANADIAN INSTITUTES OF HEALTH RESEARCH
160 Elgin Street, 9th Floor
Address Locator 4809A
Ottawa, Ontario K1A 0W9
Canada
www.cihr-irsc.gc.ca

Also available on the Web in PDF and HTML formats

© Her Majesty the Queen in Right of Canada (2015)

Cat. No. MR1E-PDF
ISSN 1701-9222

All people profiled in this annual report have agreed to their appearance in it and approved their individual stories.

CIHR@15

CANADIAN INSTITUTES OF HEALTH RESEARCH

ANNUAL REPORT 2014–15

CONTENTS

CIHR IN NUMBERS 2

PRESIDENT'S MESSAGE 4

DELIVERING EXCELLENCE AND INNOVATION 6

WORKING TOGETHER – EXAMPLES OF COLLABORATION 10

FROM RESEARCH TO RESULTS – A HISTORY OF SUCCESS 14

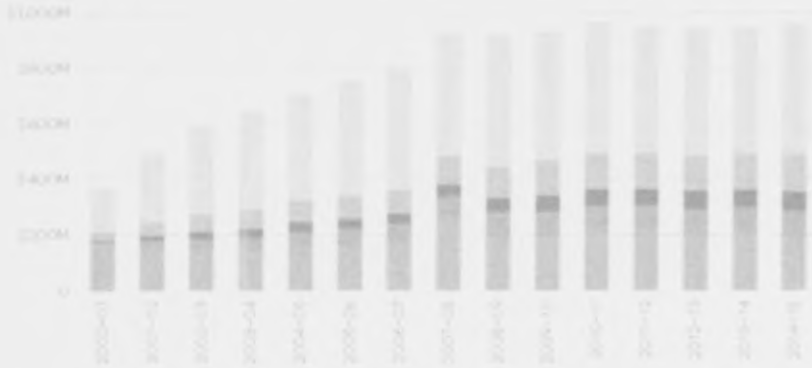
PROVIDING STEWARDSHIP AND ACCOUNTABILITY 26

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS 32

AUDITORS' REPORT AND FINANCIAL STATEMENTS 38

CIHR IN NUMBERS

CIHR FISCAL YEAR INVESTMENTS BY PRIMARY THEME

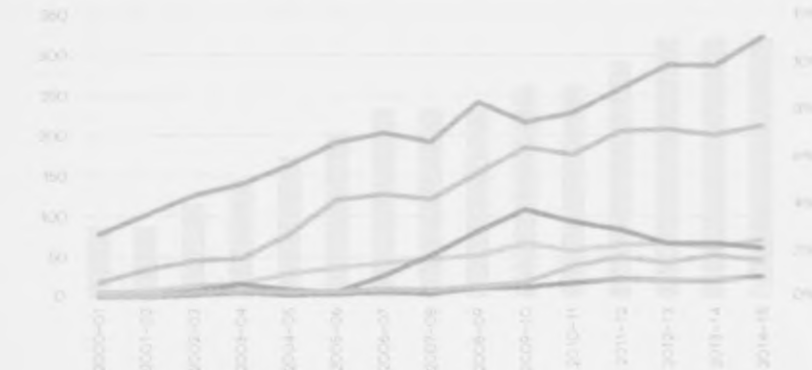


- Due to rounding, figures may not reconcile with other published information.
- Excludes operating expenditures and partner contributions.
- Primary theme designation is determined by the grantee at the time of application.

CIHR FISCAL YEAR INVESTMENTS BY FUNDING TYPE

- Due to rounding, figures may not reconcile with other published information.
- Excludes operating expenditures and partner contributions.

FUNDED GRANT APPLICATIONS WITH INTERNATIONAL LINKAGES



- Due to rounding, figures may not reconcile with other published information.
- Excludes operating expenditures and partner contributions.

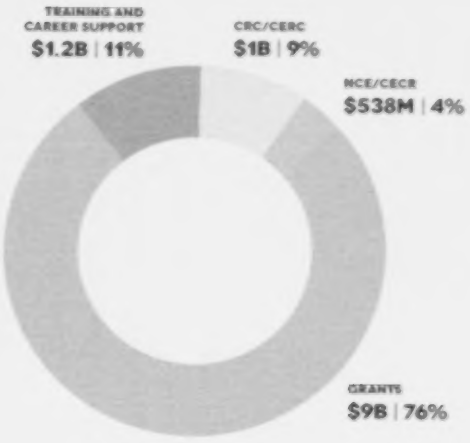
CIHR GRANTS AND AWARDS INVESTMENTS BY REGION

(cumulative totals from 2000-01 to 2014-15)

- Due to rounding, figures may not reconcile with other published information.
- Excludes operating expenditures and partner contributions.

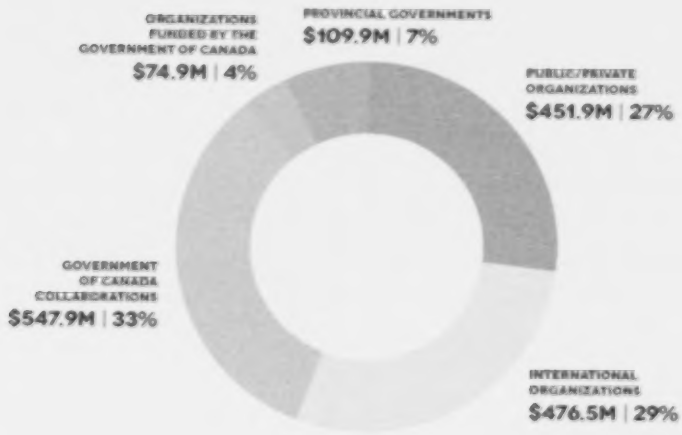
CIHR INVESTMENTS BY PROGRAM TYPE

(cumulative totals from 2000-01 to 2014-15)



- CRC – Canada Research Chairs
- CERC – Canada Excellence Research Chairs
- NCE – Networks of Centres of Excellence
- CECR – Centres of Excellence for Commercialization and Research
- Due to rounding, figures may not reconcile with other published information.
- Excludes operating expenditures and partner contributions.
- TRI agency programs include the Canada Research Chairs (CRC), Networks of Centres of Excellence (NCE) and Centres of Excellence for Commercialization and Research (CECR).

LEVERAGED PARTNER FISCAL YEAR CONTRIBUTIONS BY SECTOR FOR GRANTS AND AWARDS



- Due to rounding, figures may not reconcile with other published information.
- Excludes operating expenditures.
- Public/private sector includes academia.
- Only includes funds administered by CIHR on new and ongoing funded projects.
- Includes both competition and applicant partner contributions where there may or may not be a formal agreement with CIHR.

PRESIDENT'S MESSAGE

DR. ALAIN BEAUDET, PRESIDENT OF THE CANADIAN INSTITUTES OF HEALTH RESEARCH

A PHYSICIAN, PROFESSOR, AND NEUROSCIENTIST, DR. ALAIN BEAUDET WAS APPOINTED TO HEAD CIHR IN 2008, AFTER DIRECTING QUEBEC'S HEALTH RESEARCH FUNDING AGENCY, THE FONDS DE RECHERCHE DU QUÉBEC – SANTÉ.

IN THIS INTERVIEW, DR. BEAUDET SHARES HIS VIEWS ON CANADA'S HEALTH RESEARCH INVESTMENT AGENCY – ITS ACHIEVEMENTS, ITS IMPACT ON THE HEALTH OF CANADIANS, AND ITS FUTURE.

WHAT WERE CIHR'S BIGGEST ACCOMPLISHMENTS OR MILESTONES OF 2014–15?

We attained two major milestones this year.

After years of preparation and work, we launched the first Foundation grants competition. This first pilot was a huge challenge for CIHR. It was, for researchers, a new way of writing a grant; for evaluators, a new way of reviewing a grant; and for CIHR, a new way of administering the grant delivery process. At the same time, we were holding the last competition of our traditional open program. So, it was a bit like changing the motor of a plane while in flight!

The second milestone involved the Strategy for Patient-Oriented Research (SPOR). With the roll-out of the SUPPORT Units, the provinces and territories now realize they are in a position to shape the research agenda and access research results. The SUPPORT Units will help the provinces and territories deal with the pressing priorities they are facing. This is a milestone for CIHR because we finally have tangible evidence that we are delivering on a major part of our mandate: ensuring that the research we are supporting impacts health outcomes and the health care of Canadians.

CIHR IS CELEBRATING ITS 15TH ANNIVERSARY IN 2015. WHAT HAS BEEN CIHR'S MAJOR ACHIEVEMENT OVER THE PAST 15 YEARS?

One of the reasons CIHR was created was to achieve more coherence in the funding of health research – to fund all aspects of health research under one roof, from molecular biology to the social determinants of health, and everything in between. I think CIHR, over this fifteen-year period, has finally realized that broad mandate – that dream – of having a single organization able to support the best research in all of the areas of health.

WE ARE SEEING A SHIFT TOWARD MORE COLLABORATION AND PARTNERSHIPS IN HEALTH RESEARCH – WHY IS THIS HAPPENING?

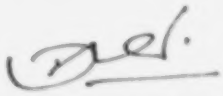
Research is changing. Nobody is doing their own research in isolation anymore. We have discovered that innovation flourishes when we bring people from different disciplines together. Put together a mathematician, a physicist, and a biologist in a room and great things will happen.

We are also moving toward research that is more and more focused on problems rather than focused on a discipline. We used to do research in physiology or in anatomy or in biochemistry. Today, we are doing research on preventing lung diseases, or treating chronic heart disease. Researchers are now thinking of the impact of their research from the get-go.

It is important to encourage partnerships at all levels and this applies to international partnerships as well. When we tap the talent of two countries instead of one, we have a better selection of brains to start with and it is always better to have more brains! Working with another country can offer new ideas and a different cultural approach, which is very important for creativity and innovation.

LOOKING TO THE FUTURE, WHAT CHANGE WOULD YOU LIKE TO SEE IN THE REALM OF HEALTH RESEARCH FUNDING?

We must allow freedom for creativity, and this is what we are doing with our new approach to funding investigator-initiated research. We should increase that freedom and take more risks. Traditionally, I think we have been a bit like an old investor: very prudent. We invest in "blue chip stocks" but we do not invest in the daring little tech company... a company that might fail. However, if that company does not fail – if it succeeds, we are going to see a huge return on investment.



Alain Beaudet, MD, PhD
President, CIHR

DELIVERING EXCELLENCE AND INNOVATION

"CIHR'S SUPPORT THROUGHOUT MY CAREER HAS BEEN ABSOLUTELY ESSENTIAL TO MY PROGRESS SO FAR. CIHR SUPPORTED ME THROUGH MY DOCTORAL AND POST-DOCTORAL WORK AND IN MY CURRENT RESEARCH THROUGH OPERATING GRANTS AND A NEW INVESTIGATOR AWARD."

DR. ZABRINA BRUMME
HIV VACCINE RESEARCHER

THE CREATION OF CIHR IN 2000 REVOLUTIONIZED THE HEALTH RESEARCH ENTERPRISE IN CANADA.

Built upon a strong foundation of support for basic biomedical science, CIHR branched out to include support for clinical research, health services and policy research, and population and public health research.

CIHR also added a strategic dimension to its investments, allotting a portion of its budget to support research that addresses the most pressing health issues faced by our country.

CIHR stabilized and strengthened Canada's research-to-results pipeline by ensuring a steady stream of basic research discoveries to fuel innovation. CIHR supported the translation of that fundamental research into concrete solutions – and evaluated their efficacy and cost-effectiveness. Most importantly, CIHR supported the integration of those solutions into the health care system.

Fifteen years later, CIHR has grown into an organization that is the leading voice for health research in Canada, and a driving force for improving the health of Canadians.

In 2014-15, CIHR investments continued to support research that offers the potential to produce new treatments and therapies, strengthen Canada's health care system, and deliver impact for Canadians. The highlights that follow are examples of the many successes celebrated by CIHR over the past year.

FIGHTING THE SPREAD OF EBOLA

2014 saw an Ebola epidemic spread throughout the countries of West Africa, and Canada played a significant role in the international efforts to control the outbreak.

Supported by CIHR and the Public Health Agency of Canada (PHAC), the Canadian Immunization Research Network (Halifax, Nova Scotia) conducted a Phase 1 clinical trial for Canada's Ebola vaccine (VSV-EBOV). In this trial, the experimental vaccine was tested on a small group of people and was found to be safe. Interim results of Phase 2 trials in Liberia (sponsored by the USA's National Institute of Allergy and Infectious Diseases) are also showing the vaccine to be safe.

In 2014-15, Canada's Ebola vaccine began a Phase 3 clinical trial in Guinea. This World Health Organization-led effort is supported by CIHR, PHAC, Canada's International Development Research Centre, and Foreign Affairs, Trade and Development Canada.

JOINING FORCES TO FIGHT DEMENTIA

Dementia is a major global public health issue. In 2011, an estimated 747,000 Canadians were living with Alzheimer's or other dementias. By 2031, it is estimated that 1.4 million Canadians will have dementia, costing the Canadian economy nearly $300 billion per year.

In response, CIHR and its partners launched the Canadian Consortium on Neurodegeneration in Aging – a collaborative research program focused on tackling the challenge of dementia and other neurodegenerative illnesses.

This pan-Canadian initiative is bringing together researchers from coast to coast to generate ideas that will transform the quality of life and quality of services for those living with, or affected by, neurodegenerative diseases.

CIHR's strategy to fight dementia also includes an international component, which has helped Canada to forge partnerships with the United States, the United Kingdom, France, the European Union and China. Through this international outreach, CIHR is building linkages and helping Canadian researchers lead and participate in dementia research opportunities throughout the world.

This year, CIHR was also proud to host the Canada-France Global Dementia Legacy Event, in Ottawa. Conference delegates began the development of an action framework to address the challenges and barriers for collaboration between academia and industry. The framework aims to accelerate the transformation of dementia research into products or services to prevent dementia, delay its onset, and help patients, families and caregivers.

IMPROVING THE HEALTH OF INDIGENOUS PEOPLES

Research is a key component of Canada's efforts to eliminate the disparities in health outcomes faced by Indigenous peoples.

Through the Partners for Engagement and Knowledge Exchange program, CIHR provided support to the National Association of Friendship Centres, the First Nations Health and Social Secretariat of Manitoba, and the Native Women's Association of Canada. Selected by an international peer review panel, each group will seek to find evidence-based solutions to improve health outcomes for Indigenous peoples.

Canada made the promotion of mental wellness in circumpolar communities a priority under its Arctic Council chairmanship, from 2013 to 2015. CIHR contributed to this priority through an international research collaboration focused on mental wellness, resilience, and suicide prevention, under the auspices of the Arctic Council's Sustainable Development Working Group. The research was led by Canada, Denmark (Greenland), Norway, the United States and Russia.

The Circumpolar Mental Wellness Symposium, held in March 2015, marked the culmination of these efforts. Hosted by the Honourable Leona Aglukkaq, in Iqaluit, Nunavut, the symposium united governments, researchers, community leaders, health care practitioners, youth, and other stakeholders to discuss suicide prevention and mental well-being in circumpolar communities. By sharing best practices and identifying what works and what does not work, the symposium marked an important step toward improving health and resiliency in Northern communities.

The United States will be chairing the Arctic Council from 2015 to 2017. Building on the work completed from 2013 to 2015, CIHR has committed to working with the USA's National Institutes of Health in implementing the next phase of research activities related to mental wellness during that country's chairmanship.

RESEARCH NETWORKS — UNITING THE BEST RESEARCHERS IN CANADA

This year, CIHR launched three pan-Canadian research networks: the Canadian Respiratory Research Network, the Canadian Stroke Prevention Intervention Network, and the Canadian Vascular Network.

These networks have united Canada's best minds in these three fields of research. Each network includes a broad group of researchers and stakeholders, ranging from areas of basic discovery to clinical trials, to health systems and services, and to population health.

Together, these researchers will seek solutions to address some of the major health problems faced by Canadians.

- In Canada, more than 10% of the population currently lives with asthma or chronic obstructive pulmonary disorder. The Canadian Respiratory Research Network will bring together experts from across the country to improve our understanding of these conditions and find ways to improve patient care.
- The impact of vascular disease is staggering, affecting more than 3.7 million Canadians, and costing the health care system more than $30 billion per year. The Canadian Vascular Network will seek to identify the early warning signs of vascular disease, and improve how we assess and treat this disease.
- Atrial fibrillation (an abnormal rhythm of the heart) is an ongoing epidemic, causing 15% of the 50,000 strokes suffered in Canada each year. The Canadian Stroke Prevention Intervention Network will develop strategies to prevent and treat atrial fibrillation, with the goal of reducing the incidence of stroke by 10% within ten years.

CIHR'S NEWLY DESIGNED INVESTIGATOR-INITIATED PROGRAM

CIHR provides funding to support researchers through a number of different programs. The largest program (which comprises roughly two-thirds of all CIHR funding), is the "investigator-initiated" program. The research funded through this program is directed by Canada's researchers, who determine the health issues they wish to study, and apply to CIHR for support.

Since the creation of CIHR, Canada's health research landscape has evolved significantly (for example, collaborative research and multi-disciplinary research have become more common). In consultation with the health research community, CIHR is making changes to the design of its investigator-initiated program and peer review process, in order to keep pace with this evolution and position Canadian health researchers for success.

Significant steps were taken toward introducing the Foundation Scheme and Project Scheme, as well as developing the College of Reviewers.

The Foundation Scheme is designed to provide long-term support to research leaders (researchers at any career stage with a demonstrated track record of success) to pursue innovative and high-impact health research.

The Project Scheme is designed to capture ideas with the greatest potential for important advances in health-related knowledge, health care, health systems and health outcomes, by supporting research projects with a specific purpose and a defined end point.

These programs are made possible thanks to the support of peer reviewers – researchers who generously donate their time to review funding applications.

This year, CIHR made progress on the development and implementation of its new College of Reviewers. Once fully implemented, the College of Reviewers will enhance the current peer review system by improving reviewer recruitment; delivering high-quality education and quality assurance programs; and introducing reviewer incentive and recognition programs.

These changes will better position CIHR to recruit, educate, evaluate, recognize and support a wide variety of experts to meet Canada's diverse peer review needs.

WORKING TOGETHER – EXAMPLES OF COLLABORATION

"CIHR HAS BEEN AN EXTRAORDINARY PARTNER TO WORK WITH. THEY HAVE VAST EXPERIENCE IN HEALTH RESEARCH AND HAVE BROUGHT BOLD AND INNOVATIVE IDEAS TO OUR JOINT RESEARCH-TO-PRACTICE PROJECT UNDER THE STRATEGY FOR PATIENT-ORIENTED RESEARCH. THERE IS NO DOUBT THAT CANADIAN PATIENTS AND THEIR FAMILIES WILL BENEFIT GREATLY FROM OUR PARTNERSHIP WITH CIHR."

TONY BOECKH
GRAHAM BOECKH FOUNDATION

OVER THE PAST FIFTEEN YEARS, THE HEALTH RESEARCH LANDSCAPE HAS CHANGED SIGNIFICANTLY IN CANADA AND THROUGHOUT THE WORLD.

Today, health research has become more collaborative, involving a multitude of disciplines and stakeholders. Health research has also become increasingly focused on patients – the voices, needs and experiences of patients are informing the direction of the health research agenda.

CIHR has emerged as a leading voice and champion of this evolution in health research by encouraging collaborative, multi-disciplinary research. CIHR has also been a leader in creating and promoting research partnerships – both within Canada and with countries throughout the world.

In 2014-15, CIHR worked hard to bring people together, combine resources and create impact for Canadian patients. Here are just a few examples of the partnerships, consortia and collaborations achieved over the past year.

SPOR — PUTTING PATIENTS FIRST

CIHR's largest collaborative effort is the Strategy for Patient-Oriented Research (SPOR) – a coalition of federal, provincial, and territorial partners all dedicated to moving research results to the front lines of health care.

Through SPOR, we are supporting research that seeks to develop innovative diagnostic and therapeutic approaches – then moving those innovative approaches to hospitals and clinics in order to improve patient outcomes. In 2014-15, SPOR celebrated some significant achievements.

Supporting young people with mental illness

In Canada, one in five people experiences a mental illness in their lifetime. However, it is young Canadians that suffer the most, with 75% of mental health problems and illnesses beginning prior to the age of 25, and more than 50% beginning between the ages of 11 and 25. Unfortunately, adolescents and youth have the least access to mental health care, as existing services are designed mostly for younger children and older adults.

ACCESS Canada – the inaugural SPOR Network launched in 2014-15 – will seek to close this gap in health care. Supported through a partnership between CIHR and the Graham Boeckh Foundation, and with the involvement of young people, ACCESS Canada's goal is to bring about positive change, within five years, to the way we care for youth and adolescents with mental illness. It will accomplish this by examining how young people fall through the cracks of our mental health care system, and find solutions to prevent this from happening.

SUPPORT (Support for People and Patient-Oriented Research and Trials) Units

For SPOR to be a truly pan-Canadian initiative, the provinces and territories must be engaged. The SPOR SUPPORT Units exemplify the spirit of federal-provincial-territorial collaboration.

SUPPORT Units are provincial or regional centres that connect patients, researchers, policy makers, funders, and health care professionals. Together, they seek solutions to local health care needs and ensure that new and innovative diagnostic and therapeutic approaches are applied when and where they are needed. The SUPPORT Units also work together across Canada to ensure that best practices are shared among jurisdictions for the benefit of Canadian patients.

These research hubs are being rolled out across the country. SUPPORT Units have now been announced in Alberta, Manitoba, Newfoundland and Labrador, the Maritimes (NB/NS/PEI), and Quebec, with more announcements to come in the near future.

Strengthening clinical trials

In Canada, clinical trials can be difficult and slow to put in place. The creation of the Canadian Clinical Trials Coordinating Centre (CCTCC) marked an important step forward in the effort to make Canada a more attractive place to conduct clinical trials.

The CCTCC will improve the coordination of clinical trial activities and streamline regulatory processes for companies and researchers. It is a collaboration between CIHR, Canada's Research-Based Pharmaceutical Companies (Rx&D), and HealthCareCAN.

TREATING AND PREVENTING HIV

Through the Canadian HIV Vaccine Initiative, CIHR teamed up with the Bill & Melinda Gates Foundation to establish a joint research initiative that will seek to develop a vaccine for HIV.

Research teams comprising Canadian and international researchers will tackle critical research questions leading to a better understanding of how HIV enters the body and triggers immune responses.

CIHR also launched three research projects aimed at addressing HIV/AIDS health challenges affecting men. In Canada, men have a shorter average life expectancy than women, tend to access health care services less frequently, and experience higher mortality rates across many leading causes of death.

The CIHR Boys and Men's Health Initiative will support projects that examine these issues in general, as well as in the specific context of HIV, with the ultimate goal of improving prevention, care and treatment. The initiative is a partnership between CIHR, the Canadian Foundation for AIDS Research (CANFAR) and the Ontario HIV Treatment Network (OHTN).

MATERNAL AND CHILD HEALTH

CIHR joined forces with the Department of Foreign Affairs, Trade and Development Canada (DFATD), and Canada's International Development Research Centre (IDRC) to help ensure a brighter future for mothers and children in sub-Saharan Africa.

Through this initiative, 20 research teams will help identify, test and deliver practical, cost-effective solutions to improve maternal and child health in 13 countries across sub-Saharan Africa – a region of the world where maternal and child deaths remain unacceptably high.

CIHR@15

FROM RESEARCH TO RESULTS — A HISTORY OF SUCCESS

"IF WE SUCCEED IN SUSTAINING AND GROWING THIS EXCITING REVOLUTION IN HEALTH RESEARCH, IF WE SUCCEED IN STRIKING CREATIVE GLOBAL PARTNERSHIPS THAT WILL SHAPE AND HARNESS THIS NEW SCIENCE TO IMPROVE HEALTH AND HEALTH CARE, AND IF WE SUCCEED IN DIMINISHING THE DISPARITIES BETWEEN THOSE THAT HAVE ACCESS TO THIS NEW SCIENCE AND THOSE THAT DO NOT, THEN WE WILL PASS ON A BETTER WORLD TO OUR CHILDREN."

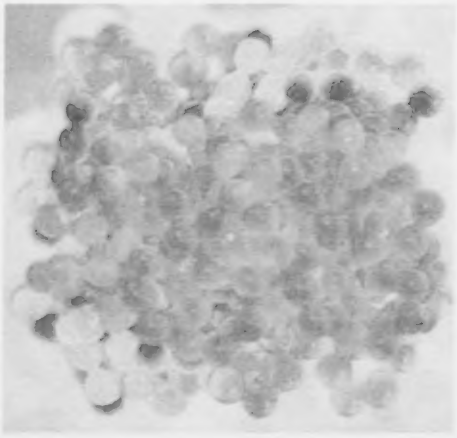
DR. ALAN BERNSTEIN
FOUNDING PRESIDENT, CIHR

OVER THE PAST 15 YEARS, CIHR HAS SUPPORTED INNOVATIVE RESEARCH IN ALL AREAS OF HEALTH. IN ADDITION TO FUNDING OUTSTANDING INDIVIDUALS AND TEAMS, WE HAVE WORKED TO BUILD CAPACITY IN AREAS WHERE CANADA HAS UNTAPPED POTENTIAL.

For example, CIHR is a proud supporter of programs like the Networks of Centres of Excellence (NCE) and the Centres of Excellence for Commercialization and Research (CECR). The NCEs mobilize Canada's best research, development and entrepreneurial expertise and focus that expertise on specific issues and strategic areas. The CECRs match clusters of research expertise with the business community, facilitating the development of new products and technologies.

Across the country, researchers are uncovering the roots of disease; empowering communities to tackle health issues; developing devices, medications and other innovative interventions to improve lives; and strengthening the health care system. CIHR is proud to have supported their efforts. Here are just a few of the research success stories that we have helped make possible over the last 15 years.

DISCOVERING HOW PROTEINS ARE EXPRESSED



Proteins are one of the building blocks of life. Understanding the signals that control how and when proteins are made in the body is crucial to understanding many aspects of human health and disease. Dr. Nahum Sonenberg has made ground-breaking discoveries in this area and, as a result of his work, this field of research has grown enormously.

Dr. Sonenberg discovered that our cells receive signals that speed up or slow down the synthesis of proteins, and that these signals are received by messengers known as "translation initiation factors." It is from this discovery that we now understand that cancer can develop if there is a problem with the regulation of these messengers. Abnormal regulation of translation initiation factors also plays a role in neurodevelopmental diseases such as autism and the genetic condition known as Fragile-X Syndrome. Dr. Sonenberg also discovered that processes as fundamental as growth, development, and even memory formation are controlled by translation initiation factors.

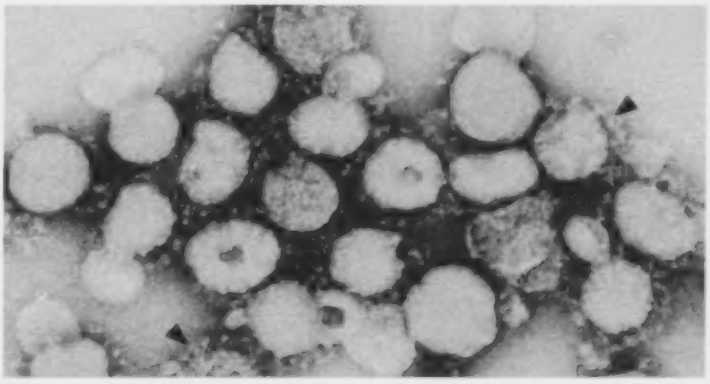
With the help of funding from CIHR, Dr. Sonenberg continues to build on his earlier research to expand our knowledge of protein synthesis and apply his findings. For example, Dr. Sonenberg's lab has shown that phosphorylation – a process that switches proteins on or off – plays a role in the development of cancer. By preventing phosphorylation of a translation initiation factor known as eIF4E, his research team was able to slow tumour growth, a finding that could lead to advances in cancer treatment.

RESPONDING TO GLOBAL DISEASE OUTBREAKS

The rate of infections and immune-related diseases has steadily increased since 1980. Over the past 15 years, CIHR has developed collaborations and supported researchers to help prepare our country, and the world, for infectious disease outbreaks.

For example, when SARS hit Toronto in 2003, CIHR moved quickly to fund research to respond to this public health crisis. In 2014, the CIHR Institute of Infection and Immunity (CIHR-III) again moved quickly to launch a clinical trial for an experimental vaccine against the Ebola virus.

CIHR-III has also co-founded the Global Research Collaboration for Infectious Disease Preparedness. This initiative mobilizes funding organizations worldwide to launch a research response within 48 hours of a significant outbreak, thereby saving lives and reducing economic burden.

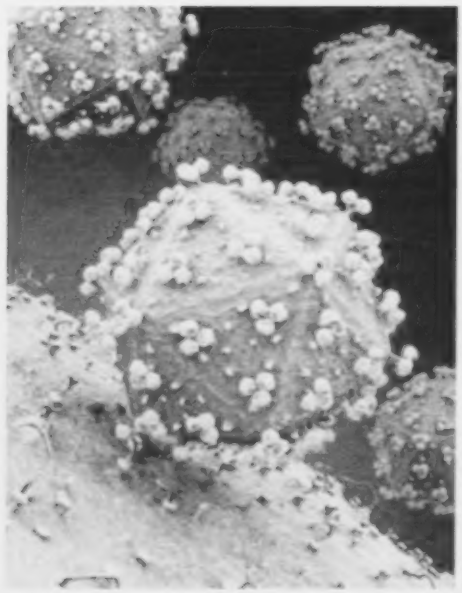


CDC/DR. FRED MURPHY & SYLVIA WHITFIELD

The SARS virus

CIHR HAS DEVELOPED COLLABORATIONS AND SUPPORTED RESEARCHERS TO HELP PREPARE FOR INFECTIOUS DISEASE OUTBREAKS.

PREVENTING THE SPREAD OF HIV



Highly active antiretroviral therapy (HAART), the life-saving drug cocktail that HIV-positive patients take, reduces the number of copies of the virus circulating in the patient's body. As HAART became the standard of care for treating HIV infection, researchers began to wonder if it also reduced a person's risk of transmitting the virus to someone else.

Dr. Julio Montaner of the B.C. Centre for Excellence in HIV/AIDS was among the first to pioneer this approach to curbing the spread of HIV, now known as Treatment as Prevention® (TasP®). With funding from CIHR, he was able to demonstrate that widespread HAART treatment does slow the spread of the virus.

RESEARCHERS BEGAN TO WONDER IF HAART ALSO REDUCED A PERSON'S RISK OF TRANSMITTING THE VIRUS TO SOMEONE ELSE.

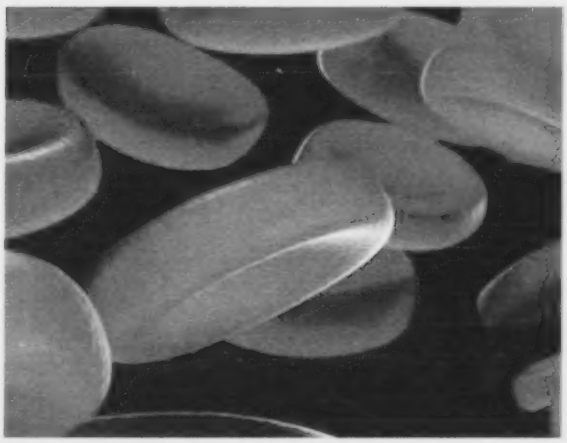
Jurisdictions that have adopted the TasP® approach include British Columbia, New York City, Washington D.C. and China. In 2014, the World Health Organization fully incorporated the strategy into its guidelines for the use of antiretroviral medications.

PREVENTING LEUKEMIA FROM COMING BACK

Not every cancer cell is equal. All cancers contain a mix of cells that vary in terms of their ability to drive tumor growth over the long term and their resistance to therapy.

In 1994, Dr. John Dick's lab group at the University of Toronto was the first to isolate cancer stem cells in acute myeloid leukemia (AML), which has a very poor survival rate. The researchers have since shown that these rare cells – only about one in a thousand leukemia cells are stem cells – are critical to cancer recurrence. That's because chemotherapy targets rapidly dividing cells, but cancer stem cells can remain dormant and survive treatment.

In 2006, supported in part by CIHR, Dr. Dick's lab built on their initial findings to identify a strategy for targeting and eradicating leukemic stem cells in mice. The same year, the researchers also identified stem cells that can initiate colon cancer. Their work may ultimately lead to improved cancer treatments.



A WAY TO CREATE MORE STEM CELLS

Umbilical cord blood is a promising source of healthy stem cells, which can be used to replace abnormal blood stem cells in patients with diseases such as leukemia. Unfortunately, there are a limited number of usable stem cells found within a single unit of cord blood.

In 2014, Dr. Guy Sauvageau, of the Institute of Research in Immunology and Cancer at the University of Montreal, led a Canadian team to a major discovery that could allow researchers to dramatically boost the stem cell content of cord blood. Using a molecule known as UM171, Dr. Sauvageau's team was able to expand the number of cells in a single unit of cord blood as much as tenfold. This discovery, which is now moving into clinical trials, could help provide new treatment options to millions of patients in Canada and around the world.

This promising study was supported by CIHR through the Stem Cell Network, one of the Networks of Centres of Excellence of Canada.

TARGETING TUMOURS WITH VIRUSES

For more than a decade, Dr. John Bell and his colleagues across the country have been working to design and test oncolytic viruses – pathogens that target and kill cancer cells. In 2011, Dr. Bell and clinician scientist Dr. David Kirn became the first to show that an intravenously-delivered viral therapy can consistently infect and spread within tumours without harming normal tissues in humans.

This year, Dr. Bell helped launch the world's first clinical trial using a combination of two viruses to attack and kill cancer cells and stimulate an anti-cancer immune response. This experimental therapy was developed jointly by Dr. Bell at The Ottawa Hospital, Dr. David Stojdl at the Children's Hospital of Eastern Ontario and Dr. Brian Lichty at McMaster University.

Over the past 15 years, oncolytic viruses have gone from an interesting laboratory curiosity to clinical testing, with potential to become mainstream cancer therapeutics in the near future.

(L-R) Dr. Brian Lichty, clinician-investigator Dr. Derek Jonker, patient Christina Monliker, Dr. David Stojdl and Dr. John Bell at the 2015 clinical trial announcement in Ottawa.

DECODING THE BREAST CANCER GENOME

Drs. Samuel Aparicio and Marco Marra publish their landmark study of the breast cancer genome.

In a landmark 2009 study, University of British Columbia and BC Cancer Agency researchers Drs. *Samuel Aparicio, Marco Marra and Sohrab Shah* decoded the DNA sequence of a patient's metastatic form of breast cancer and followed its evolution over nine years, showing how this complex cancer mutates and spreads. The CIHR-funded study, published in *Nature*, opens new doors to developing more effective cancer therapies, including personalized treatments targeting the genetic makeup of a patient's primary and metastatic tumours.

In a 2012 *Nature* article, the researchers reported on the genomes of triple-negative breast cancer, which accounts for 25% of breast cancer deaths. Some of the genetic mutations they found have now led to the development of clinical treatments.

Since then, in a 2014 study, they published findings that will provide a map for how certain breast cancers evolve to become drug resistant over time – evidence that could lead to major advances in treatment.

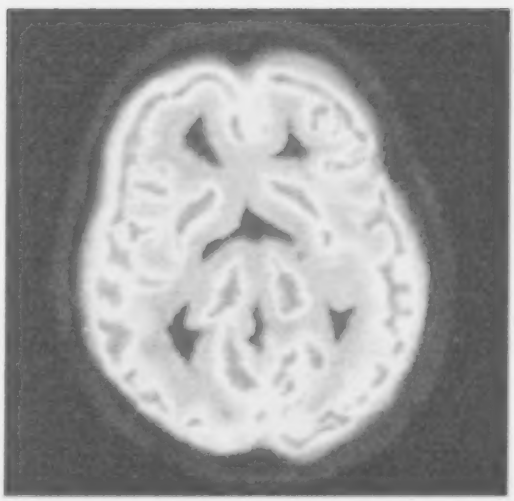
THE CIHR-FUNDED STUDY OPENS NEW DOORS TO DEVELOPING MORE EFFECTIVE CANCER THERAPIES, INCLUDING PERSONALIZED TREATMENTS TARGETING THE GENETIC MAKEUP OF TUMOURS.

KEEPING MEDICAL IMAGING SUSTAINABLE

In 2009, a temporary shutdown at the Chalk River nuclear reactor led to a worldwide shortage of the radioactive isotope technetium-99m (Tc-99m). This shortage created delays for patients who needed to undergo medical imaging.

In response, the Government of Canada and CIHR reached out to the health research community for alternatives to the Tc-99m currently produced by aging nuclear reactors. Dr. François Bénard, professor of radiology at the University of British Columbia, and his colleagues at TRIUMF, Canada's national laboratory for particle and nuclear physics, were among the seven teams who took on the challenge.

Dr. Bénard and his team demonstrated that cyclotrons – particle accelerators used to both study and produce subatomic particles – could be used to produce Tc-99m without creating nuclear waste. There are already a number of cyclotrons in use across Canada – many located in hospitals and research labs – that can be adapted to produce Tc-99m in the event of future isotope shortages.



MAKING PREMATURE BABIES MORE RESILIENT

Babies born prematurely face many risks as they begin life. Great care must be taken when handling and treating these most fragile patients.

A research team, led by Dr. Shoo Lee of Mount Sinai Hospital, found large variations in the care provided by Canada's neonatal intensive care units (NICUs) – and large discrepancies in the resulting health and well-being of babies.

In response, Dr. Lee created a national network that allowed hospitals to work together and learn best practices in caring for premature babies. One of those best practices was to involve the parents directly in the care of their baby, as previous research had revealed that premature babies thrive when they are held and nurtured by their parents.

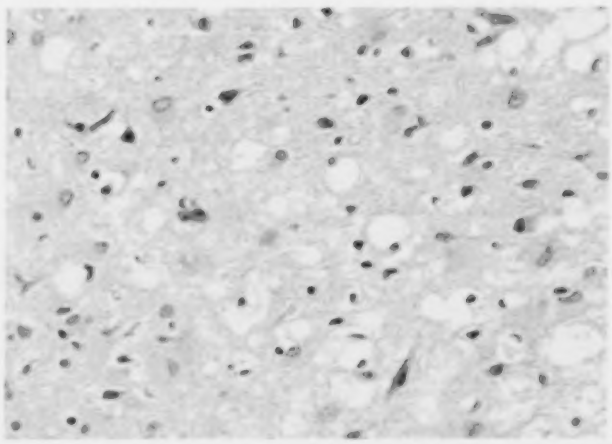
This approach has led to dramatic reductions in infection rates, chronic lung disease, and in the length of NICU stays. It is also saving $7 million annually for Canadian NICUs.

DETECTING DISEASE-CAUSING PROTEINS

In a 2003 study, Dr. Neil Cashman of the University of British Columbia greatly advanced our understanding of Creutzfeldt-Jakob disease (CJD), the human form of mad cow disease. Dr. Cashman's work, funded in part by CIHR, helped confirm that misfolded prion proteins play an important role in triggering CJD, an idea that had been proposed decades earlier.

This landmark finding has opened the door for the development of antibody-based therapies to combat the neurodegenerative disease. Dr. Cashman and his colleagues also went on to demonstrate the role that misfolded proteins play in amyotrophic lateral sclerosis (ALS) and Alzheimer's disease.

Since these discoveries, Dr. Cashman co-founded Amorfix Life Sciences, now known as ProMIS Neurosciences Inc., a biotech company that is actively developing new tests and treatments for neurodegenerative diseases such as CJD.



COURTESY HAMMETT

Brain tissue infected with the prion that causes variant Creutzfeldt-Jakob disease (vCJD).

DR. CASHMAN'S LANDMARK FINDING HAS OPENED THE DOOR FOR THE DEVELOPMENT OF ANTIBODY-BASED THERAPIES TO COMBAT NEURODEGENERATIVE DISEASES.

STUDYING HOW GENDER INFLUENCES HEALTH

Since it was formed, CIHR has made great strides in supporting research *that examines sex and gender differences in health.*

For example, a 2008 study by Dr. Gillian Hawker and colleagues at the University of Toronto showed that, although women with hip and knee osteoarthritis were more likely to need hip or knee replacement surgery, they were much less likely to have surgery than their male counterparts. In a subsequent study, the researchers showed that when physicians were treating patients with the exact same osteoarthritis symptoms, they were less likely to recommend surgery for a woman than for a man. The end result: fewer women undergo the surgery, which is often the best option for treating pain and restoring joint function in osteoarthritis patients who haven't responded to other treatments.

Dr. Hawker and her colleagues are now developing criteria to help clinicians determine when joint replacement surgery is appropriate and a patient decision aid that could help overcome bias in treatment.

CONNECTING ENVIRONMENT, GENES AND HEALTH

Researchers have long suspected that early life experiences can have an enduring impact on health and behaviour. But precisely how experiences lead to these changes was unknown.

In a series of studies in the early 2000s, Dr. Michael Meaney and his colleagues showed that the care a rat pup receives from its mother can alter the way some of its genes are expressed, having a long-term impact on how the rat responds to stress. Specifically, rats that receive less care and attention are less able to cope with stress later in life. This landmark study showed that early life experiences could turn certain genes "on" or "off" through "epigenetic" modification of the DNA, thereby explaining how environmental factors could induce long-term changes in gene activity and health.

Dr. Meaney and his colleagues later expanded their research to humans, showing that early life trauma can cause epigenetic changes in peoples' brains, and that these changes are associated with increased risk of suicide. Dr. Meaney's research, funded in part by CIHR, has had a revolutionary impact on the "nature vs. nurture" debate, and could dramatically improve our ability to diagnose and treat a wide range of diseases – from mental health issues to cancer.

KEEPING SENIORS BALANCED

DR. SCOTT OBSERVED A 43% REDUCTION IN FALLS OVER A SIX-MONTH PERIOD AS A RESULT OF THE CHECKLIST.

Each year, at least 30% of Canadian seniors experience a fall, with many sustaining serious injuries. In 2005, CIHR's Institute of Aging launched the Mobility in Aging Initiative to study the mobility issues faced by older Canadians.

The initiative has supported researchers like Dr. Vicky Scott of the University of British Columbia, who developed a falls prevention checklist and action plan for home support workers and seniors themselves. In a 2006 study, Dr. Scott observed a 43% reduction in falls over a six-month period as a result of the checklist. She subsequently developed the Canadian Falls Prevention Curriculum (CFPC) in 2008 (www.canadianfallprevention.ca).

The CFPC is now distributed nationally and internationally through the University of Victoria. More than 4,000 health care providers, community leaders, policy makers and researchers have participated in the program since it was developed.

CHANGING THE WAY WE TREAT HIGH CHOLESTEROL

High levels of "bad" cholesterol are one of the major risk factors for heart disease and stroke. According to Statistics Canada, an estimated 39% of Canadians between the ages of 6 and 79 have unhealthy cholesterol levels. Most of these people are able to manage their condition with lifestyle changes and medications known as statins. But statins aren't effective for everyone, and they can have negative side effects, such as muscle pain.

New research on the genetic roots of high cholesterol could lead to a whole new approach to treating this condition. In 2003, Dr. Nabil G. Seidah and his colleagues discovered the gene PCSK9, which codes for a protein that plays an important role in maintaining healthy cholesterol levels in the blood. Based on that initial discovery, and with support from CIHR, the pioneering work from Dr. Seidah's lab led pharmaceutical companies to develop a medication that specifically targets PCSK9 to lower levels of bad cholesterol in the body. The injectable drug is currently in the final stages of clinical trials, and it could represent a major breakthrough in the way we treat high cholesterol.

IMPROVING CONCUSSION DIAGNOSIS

UNTIL RECENTLY THERE WAS NO RELIABLE WAY FOR CLINICIANS TO IDENTIFY CHILDREN WHO ARE AT RISK OF EXPERIENCING PPCS.

There is growing awareness about the issue of concussions in children, particularly young athletes. Some children recover completely after experiencing a concussion, but a large number – about one third – suffer symptoms that last more than a month – a condition known as persistent post-concussion symptoms (PPCS). However, until recently, there was no reliable way for clinicians to identify children who are at risk of experiencing PPCS.

Dr. Roger Zemek at the Children's Hospital of Eastern Ontario, with support from CIHR and the Ontario Neurotrauma Foundation (ONF), recently completed the 5P study: Predicting and Preventing Post-concussive Problems in Pediatrics. It is the largest study to follow children over time to understand the risk factors for PPCS. The findings, which Dr. Zemek presented to the Pediatric Academic Society this year, will give clinicians an evidence-based tool to help them spot children who are likely to develop PPCS, and provide them with the care they need.

FACTS AND FIGURES — 2000–2015

THE GOVERNMENT OF CANADA IS THE LARGEST INVESTOR IN CANADIAN HEALTH RESEARCH, WITH ANNUAL FUNDING OF APPROXIMATELY $1 BILLION THROUGH CIHR.

WANT TO LEARN MORE ABOUT CIHR-FUNDED RESEARCH? VISIT ***HEALTH RESEARCH IN ACTION***, A COLLECTION OF STORIES ABOUT HEALTH RESEARCH IN CANADA AND HOW IT IS IMPROVING OUR LIVES: WWW.CIHR-IRSC.GC.CA/E/49150.HTML.

PROVIDING STEWARDSHIP AND ACCOUNTABILITY

CIHR GOVERNING COUNCIL

CIHR reports to Parliament through the Minister of Health. Its Governing Council comprises up to 18 Canadians who have been appointed by Order in Council to renewable three-year terms. Council members represent a wide range of backgrounds and disciplines, reflecting CIHR's broad mandate and vision.

DR. ALAIN BEAUDET
(Chair)
President
Canadian Institutes
of Health Research

DR. NADINE CARON
Assistant Professor
Northern Medical Program
University of British Columbia

MR. GEORGE DA PONT
(until January 20, 2015)
(Ex Officio, Non-Voting)
Deputy Minister
Health Canada

MS. MAURA DAVIES
(until December 1, 2014)
President and
Chief Executive Officer
Saskatoon Health Region
Acting CEO (as of December 2014)
Canadian Patient Safety Institute

MS. MICHÈLE FORTIN
President and CEO
Télé-Québec
Montreal, Quebec

DR. PAUL E. GARFINKEL
Staff Psychiatrist
Centre for Addiction
and Mental Health
Professor, Department
of Psychiatry
University of Toronto

DR. LAWRENCE JARDINE
(since February 26, 2015)
Medical Director, Pediatric
London Health Sciences Centre

MR. SIMON KENNEDY
(since January 21, 2015)
(Ex Officio, Non-Voting)
Deputy Minister
Health Canada

DR. TERRY KLASSEN
CEO and Scientific Director
Children's Hospital Research
Institute of Manitoba
Head, Department of Pediatrics
College of Medicine
Faculty of Health Sciences
University of Manitoba

DR. PAUL KUBES
Professor and Director
Snyder Institute for
Chronic Diseases
Faculty of Medicine
University of Calgary

DR. AMY ORNSTEIN
(since June 13, 2014)
Pediatrician and Medical Director
IWK Health Centre
Child Protection Team
Division Head of
General Pediatrics
Dalhousie University

MS. CHRIS POWER
(since June 13, 2014)
President and CEO
Capital Health
Nova Scotia
CEO (as of March 2, 2015)
Canadian Patient Safety Institute

DR. BERNARD PRIGENT
(until June 22, 2014)
Vice-President, Medical
Affairs, Europe
Pfizer Global Innovative
Pharma Business
Walton Oaks, Surrey UK

DR. TERRANCE P. SNUTCH
Professor and Canada
Research Chair
Michael Smith Laboratories
Departments of Psychiatry
and Zoology and
Brain Research Centre
University of British Columbia

MS. LORI TURIK
Executive Director
International Centre
for Health Innovation
Richard Ivey School of Business
Western University

DR. LORI WEST
(since March 6, 2014)
Professor of Pediatrics,
Surgery and Immunology
University of Alberta
Director
Alberta Transplant Institute

THE HONOURABLE
MICHAEL H. WILSON
(Vice-Chair)
Chairman
Barclays Capital Canada Inc.
Toronto, Ontario

DR. TERRY-LYNN YOUNG
(since June 13, 2014)
Professor, Faculty of Medicine
Memorial University
of Newfoundland

CIHR INSTITUTES

CIHR is composed of 13 innovative Institutes. Each Institute is headed by a Scientific Director who is a leader in his or her field. These Institutes bring together all partners in the research process – those who fund research, those who carry it out and those who use its results – to share ideas and focus on what Canadians need: good health and the means to prevent and fight diseases.

CIHR INSTITUTE OF ABORIGINAL PEOPLES' HEALTH (CIHR–IAPH)

DR. MALCOLM KING SIMON FRASER UNIVERSITY

CIHR-IAPH fosters the advancement of a national health research agenda to improve and promote the health of First Nations, Inuit and Métis peoples in Canada through research, knowledge translation and capacity building. Our pursuit of research excellence is enhanced by respect for community research priorities and Indigenous knowledge, values and cultures.

CIHR INSTITUTE OF AGING (CIHR–IA)

DR. YVES JOANETTE UNIVERSITY OF MONTREAL

As Canada's population ages, there is a growing need to transform longer life expectancy into optimal health and wellness, and improved care for elderly people facing complex health challenges. CIHR-IA supports research to advance these priorities and provides leadership for the CIHR Dementia Research Strategy and the Canadian Longitudinal Study on Aging. CIHR-IA's goal is to enable the creation of knowledge that can be used by all stakeholders to support high-impact, evidence-based approaches that benefit Canada's aging population.

CIHR INSTITUTE OF CANCER RESEARCH (CIHR–ICR)

DR. STEPHEN ROBBINS UNIVERSITY OF CALGARY

CIHR-ICR is committed to research that will make a difference for the health and well-being of Canadians faced with cancer. The Institute's initiatives focus on prevention, early detection and monitoring, as well as on tailored therapies and care strategies that increase survival, minimize late effects and improve quality of life. CIHR-ICR continues to collaborate with all levels of partners to further these strategies, reduce the number of deaths caused by cancer, increase our understanding of this disease and improve outcomes.

CIHR INSTITUTE OF CIRCULATORY AND RESPIRATORY HEALTH (CIHR–ICRH)

DR. JEAN L. ROULEAU UNIVERSITY OF MONTREAL

CIHR-ICRH supports research on heart, lung, brain (stroke), blood, blood vessels, sleep and critical care. Conditions relating to these areas represent the major health burdens facing Canadians. By studying the factors that influence health and disease, including the roles of environment and behaviour, we can improve our ability to prevent, diagnose and treat these conditions. CIHR-ICRH is dedicated to supporting the research programs, projects, infrastructure and career development needed to achieve these goals.

CIHR INSTITUTE OF GENDER AND HEALTH (CIHR–IGH)

DR. CARA TANNENBAUM (SINCE JANUARY 1, 2015)
UNIVERSITY OF MONTREAL

DR. JOY JOHNSON (UNTIL DECEMBER 31, 2014)
UNIVERSITY OF BRITISH COLUMBIA

CIHR-IGH is more than a funding institute. We are an international leader in fostering research that explores how sex and gender influence health. Through our commitment to knowledge translation, we facilitate the application of these research findings to address pressing health challenges facing men, women, girls, boys and gender diverse people. We are multidisciplinary. We are international. We are shaping science for a healthier world.

CIHR INSTITUTE OF GENETICS (CIHR–IG)

DR. PAUL LASKO MCGILL UNIVERSITY

CIHR-IG supports research on the human and other genomes and on all aspects of genetics, basic biochemistry and cell biology. New advances in genetics and genomics, and in the understanding of how cells work, pose challenges to our health care system and often raise complex ethical, legal and social issues. CIHR-IG is addressing these challenges to develop solutions that benefit Canadians.

CIHR INSTITUTE OF HEALTH SERVICES AND POLICY RESEARCH (CIHR–IHSPR)

DR. ROBYN TAMBLYN MCGILL UNIVERSITY

CIHR-IHSPR focuses on the challenge of ensuring that high-quality health care is available to all those who need it, when and where they need it, and that Canada's health care system is responsive, efficient and sustainable. We do so by fostering research excellence and innovation in the area of health services and policy research, supporting the brightest minds and catalyzing the application of research findings to policies, practices and programs that provide real-world benefits.

CIHR INSTITUTE OF HUMAN DEVELOPMENT, CHILD AND YOUTH HEALTH (CIHR–IHDCYH)

DR. SHOO LEE UNIVERSITY OF TORONTO

CIHR-IHDCYH is dedicated to the process and integration of developmental, physical and mental well-being throughout the life cycle from a population perspective. By facilitating partnerships and working to accelerate the translation of new knowledge, CIHR-IHDCYH funds and promotes research that ensures the best start in life for all Canadians and the achievement of their potential for optimal growth and development.

CIHR INSTITUTE OF INFECTION AND IMMUNITY (CIHR–III)

DR. MARC OUELLETTE LAVAL UNIVERSITY

CIHR-III strengthens and coordinates research on the immune system and infectious disease. We support research on emerging threats such as antimicrobial resistance, and responses to threats such as pandemic preparedness and vaccine development. We support knowledge creation and the integration of knowledge into the control and prevention of chronic disease, in areas including HIV/AIDS, hepatitis C, inflammation, human microbiome, transplantation, human immunology and immunotherapy, and environment and health. CIHR-III works to facilitate the impact of infection and immunity research.

CIHR INSTITUTE OF MUSCULOSKELETAL HEALTH AND ARTHRITIS (CIHR–IMHA)

DR. HANI EL-GABALAWY UNIVERSITY OF MANITOBA

Musculoskeletal (MSK) health is critical for promoting the physical activity needed to maintain mobility and overall health. Disorders such as arthritis and osteoporosis can trigger inactivity, degeneration and loss of productivity. Similarly, oral health and skin health affect overall health and well-being. Through the promotion of innovation, translation, networking and capacity building, CIHR-IMHA is addressing the needs and gaps in the MSK, oral and skin research communities, with a particular focus on initiatives that promote physical activity and mobility.

CIHR INSTITUTE OF NEUROSCIENCES, MENTAL HEALTH AND ADDICTION (CIHR–INMHA)

DR. ANTHONY PHILLIPS UNIVERSITY OF BRITISH COLUMBIA

From diseases of the central nervous system to addiction, to mental ill health, and to the five senses through which we interpret the world, CIHR-INMHA is concerned with discovering how the brain works and with seeking new ways of using this knowledge to improve the treatment of brain-related illnesses, which are recognized internationally as leading causes of life-long disability.

CIHR INSTITUTE OF NUTRITION, METABOLISM AND DIABETES (CIHR–INMD)

DR. PHILIP SHERMAN UNIVERSITY OF TORONTO

CIHR-INMD supports research that addresses the causes, prevention, screening, diagnosis, treatment, support systems and palliation of a wide range of conditions associated with hormone, digestive system, kidney and liver functions. CIHR-INMD has identified three strategic priorities that will guide the Institute from 2015 to 2018: food and health; environments, genes and chronic disease; and obesity and healthy body weight.

CIHR INSTITUTE OF POPULATION AND PUBLIC HEALTH (CIHR–IPPH)

DR. NANCY EDWARDS UNIVERSITY OF OTTAWA

CIHR-IPPH supports research on how complex biological, social, cultural and environmental interactions determine health and health gradients, and what population health interventions are optimal to prevent disease and improve health and health equity. Our research informs practices, programs, policies and resource distribution strategies within the health and other sectors both in Canada and globally.

CIHR EXECUTIVE MANAGEMENT TEAM

CIHR's Executive Management Team provides leadership and decision making for strategic, corporate policy and management areas that support and contribute to the strategic directions set out by the Governing Council.

DR. ALAIN BEAUDET
PRESIDENT

DR. JANE E. AUBIN
CHIEF SCIENTIFIC OFFICER
VICE-PRESIDENT, RESEARCH, KNOWLEDGE TRANSLATION AND ETHICS

MS. THÉRÈSE ROY
CHIEF FINANCIAL OFFICER
VICE-PRESIDENT, RESOURCE PLANNING AND MANAGEMENT

MR. MICHEL PERRON
VICE-PRESIDENT, EXTERNAL AFFAIRS AND BUSINESS DEVELOPMENT (SINCE SEPTEMBER 2, 2014)

DR. KELLY VANKOUGHNET
ASSOCIATE VICE-PRESIDENT, RESEARCH, KNOWLEDGE TRANSLATION AND ETHICS

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

The following Financial Statement Discussion and Analysis (FSD&A) should be read in conjunction with the Canadian Institutes of Health Research (CIHR) audited financial statements and accompanying notes for the year ended March 31, 2015.

The responsibility for the integrity and objectivity of the FSD&A rests with the management of CIHR. The purpose of the FSD&A is to highlight information and provide explanations to enhance the user's understanding of CIHR's financial position and results of operations, while demonstrating CIHR's accountability for its resources. Additional information on CIHR's performance is available in the CIHR Departmental Performance Report (DPR), and information on its plans and priorities is available in the CIHR Report on Plans and Priorities (RPP).

OVERVIEW

The Canadian Institutes of Health Research was established in June 2000 under the *Canadian Institutes of Health Research Act*. It is listed in Schedule II to the *Financial Administration Act* as a departmental corporation. CIHR's objective is to excel, according to international standards of scientific excellence, in the creation of new knowledge, and its translation into improved health, more effective health services and products, and a strengthened Canadian health care system.

CIHR's budget is allocated through authorities approved by Parliament. CIHR has separate voted authorities for operating expenditures and for grants. Authorities provided to CIHR by Parliament do not parallel financial reporting according to Canadian public sector accounting standards, since authorities are primarily based on cash accounting principles. Consequently, items recognized in the Statement of Financial Position, the Statement of Operations and Departmental Net Financial Position, the Statement of Change in Departmental Net Debt and the Statement of Cash Flows are not necessarily the same as those provided through authorities from Parliament. Note 3 of the Financial Statements provides statement users with a reconciliation between the two bases of reporting.

HIGHLIGHTS

As evidenced below, CIHR's financial results in 2014-15 are consistent with those of the preceding fiscal year.

1. STATEMENT OF FINANCIAL POSITION

CONDENSED STATEMENT OF FINANCIAL POSITION (IN MILLIONS OF DOLLARS)

AS AT MARCH 31	% CHANGE	2015	2014
Total liabilities	4.2%	$ 15.0	$ 14.4
Total financial and non-financial assets	8.2%	$ 13.2	$ 12.2

The slight increase in total liabilities is a result of increased accrued salaries at year-end, resulting from the implementation of salary payments in arrears by the Government of Canada in 2014-15. Adopting payment in arrears means that employees are paid on a bi-weekly basis for the ten days worked that concluded two weeks prior to payday. Consequently, accrued salaries as at March 31, 2015 increased by approximately $1.25 million as compared to the prior fiscal year.

The increase in total financial and non-financial assets is primarily the result of an increase to financial assets of $0.9 million due to an increase in the Due from the Consolidated Revenue Fund (CRF). This occurred because of the overall increase in liabilities as noted above. The amount due from the CRF represents the net amount of cash that CIHR is entitled to draw from the CRF without further authorities to discharge its liabilities.

2. STATEMENT OF OPERATIONS AND DEPARTMENTAL NET FINANCIAL POSITION

CONDENSED STATEMENT OF OPERATIONS AND DEPARTMENTAL NET FINANCIAL POSITION (IN MILLIONS OF DOLLARS)

FOR THE YEAR ENDED MARCH 31	% CHANGE	2015	2014
Total expenses	1.9%	$ 1,027.7	$ 1,008.9
Net cost of operations before government funding and transfers	1.8%	$ 1,020.1	$ 1,002.0

The increase to both Total expenses (1.9%) and to Net cost of operations before government funding and transfers (1.8%) are attributable to increased Parliamentary authorities provided to CIHR by the Government of Canada of $17.0 million (1.7%) as compared to the prior fiscal year.

3. RISK ANALYSIS

From its inception, CIHR has endeavored to make a difference in the lives of Canadians by identifying and addressing the health needs of Canadians and investing in health research innovation. This has enabled CIHR to better mobilize, translate and diffuse newly discovered knowledge and research resulting from both the academic and private sectors.

It should be noted that "a revolution is underway in Canada's health research landscape" (CIHR, 2014), which is providing opportunities in health research while at the same time allowing CIHR to continue to adapt to its ever-changing environment by ensuring that the health research it funds contributes to the health and well-being of Canadians. Given this new context and as noted earlier, CIHR published a refresh of its 5-year strategic plan, Roadmap II, aimed at three broad strategic directions that fully align to CIHR's Program Alignment Architecture. Roadmap II also aligns to the Government of Canada's newly released update of the Science, Technology and Innovation Strategy. This strategy outlines continued support for science and innovation including health research innovation. As part of the renewal of its strategic plan, CIHR developed an integrated performance management regime toolbox that now informs decision making at CIHR and allows for improved reporting both internally and externally.

The current international austerity climate has resulted in a number of stresses on research funding in general. As a result, CIHR is increasing and leveraging private sector investment funding in health research in Canada not only to support the training of skilled researchers but also to connect new discoveries and innovations to business and thus bring these innovations to market which in turn will increase its investment and impacts in health research. This innovative approach has resulted in the Government of Canada announcing further funding of $13.0 million to the Strategy for Patient-Oriented Research (SPOR), a coalition of federal, provincial and territorial partners dedicated to the integration of research into care, and of $2.0 million per year to support additional research to better understand and address the health challenges posed by anti-microbial resistant infections.

While CIHR identified 9 risks for the 2014-15 fiscal year, only the top 3 risks were initially considered high enough to require regular monitoring and reporting. However, with the completion in August 2014 of CIHR's Governing Council's "Institutes Model Review", this risk rose from a moderate to a high level status. As part of its mandate, the *CIHR Act* and the recommendations from the 2011 International Review Panel required CIHR to assess the structure, role, policies, financial framework and slate of CIHR Institutes. The top 4 risks are outlined below, including the "Institutes Model Review", along with the associated actions and mitigation strategies undertaken by CIHR.

KEY RISKS

RISK 1 — ALIGNMENT AND PRIORITY SETTING

There is a risk that CIHR will lack the funds needed to support the ever-changing environment that currently exists in health research and that CIHR's current budget allocation will negatively impact its ability to strategically invest in priority health areas.

RISK MITIGATION STRATEGY

CIHR responded to this risk by forming a grants and awards working group that reviewed and recommended strategies to ensure that CIHR will be able to maintain its level of impact within the current budget. CIHR also developed and implemented a multi-year investment planning process which supports sound financial and risk management practices. This new framework enables governance bodies to focus on CIHR's proposed health research relevance and impact while using business processes that are clear, nimble, transparent, sustainable and flexible. While much was accomplished to mitigate this risk, alignment and priority setting remains a high risk and will be actively managed by CIHR in 2015-16.

RISK 2 — IMPLEMENTATION OF REFORMS

There is a risk that CIHR will be unable to successfully implement the new internal processes, policies and structures in the timeframe required to support the reforms, and there is a further risk that the implementation of the technical system will not be completed in the timeframe required to fully deliver on the benefits of the reforms.

RISK MITIGATION STRATEGY

CIHR responded to this risk by creating a centralized Project Management Office which included resources from both the program and the IM/IT branches. This centralization, coupled with strong governance and change management practices, provided guidance and structure to the implementation of the reforms. Significant progress has been made through the mitigation strategies related to this risk, and as a result the implementation of the reforms is no longer a high risk that requires regular and active management by CIHR.

RISK 3 — HUMAN RESOURCES

There is a risk that CIHR will not have the right skill set to deliver on CIHR's key priorities in the ever-changing health research environment, coupled with the impact the reforms will have on CIHR's current skill set.

RISK MITIGATION STRATEGY

CIHR responded to this risk by developing an HR strategy that addresses its current staffing policies and processes in order to be more strategic in its hiring and placement of staff in key positions. CIHR also developed a new Competency Framework with new and refreshed competencies that reflect current and future organizational needs, developed an HR strategy focused on, amongst other things, attracting, developing and retaining talent, and it developed a new recruitment guide that is in line with the new skills and competencies. Human Resources is now a moderate risk for CIHR as a result of its mitigation strategies and is no longer a high risk for CIHR in 2015-16 but will continue to be monitored.

RISK 4 — INSTITUTES MODEL REVIEW

There is a risk associated with the Institutes Review that CIHR will be unable to make needed program, policy or other changes to adapt to, or efficiently meet emerging or evolving needs.

RISK MITIGATION STRATEGY

CIHR responded to this risk by conducting an extensive consultative planning process that ensured the objectives of the review were clear and the process was as inclusive as possible. Ongoing communications also occurred throughout the review and following the recommendations. In addition, active project management was undertaken by the Institute Review Steering Committee, and a communications strategy and change management plan were developed. Significant progress has been made related to the Institutes Model Review and the risk no longer appears in CIHR's Corporate Risk Profile for 2015-16. Implementation components have been subsumed. However, components of the Institutes Model Review are now included in both the Change Management and the External Stakeholder Relationship Management risks moving forward.

4. VARIANCE ANALYSIS

4.1. VARIANCES BETWEEN CURRENT YEAR ACTUAL RESULTS AND BUDGET

As noted earlier, CIHR is financed by the Government of Canada through Parliamentary authorities. In 2014-15, CIHR received $1,018.0 million in Parliamentary authorities, an increase of $17.0 million (or 1.7%) as compared to the prior fiscal year. The Government of Canada provided CIHR with increased Parliamentary authorities in 2014-15, as follows:

PARLIAMENTARY AUTHORITIES (IN MILLIONS OF DOLLARS)

		2014-15
Expansion of Strategy for Patient-Oriented Research and creation of the Canadian Consortium on Neurodegeneration in Aging (CCNA)	$	10.0
Development of an Emerging Health Threats Research Fund		5.0
Net transfers from other government departments		1.2
Prevention of Prescription Drug Abuse initiative		1.0
Canada Excellence Research Chairs		0.6
Other		0.4
Business-Led Networks of Centres of Excellence		(1.2)
Total increase in Parliamentary authorities	**$**	**17.0**

This increase in Parliamentary authorities of $17.0 million (or 1.7%) is the key factor to note when comparing current year and prior year results for CIHR.

4.2. VARIANCES BETWEEN CURRENT YEAR ACTUAL RESULTS AND PRIOR YEAR ACTUAL RESULTS

SEE NOTE 13 (SEGMENTED INFORMATION) OF AUDITED FINANCIAL STATEMENTS (IN MILLIONS OF DOLLARS)

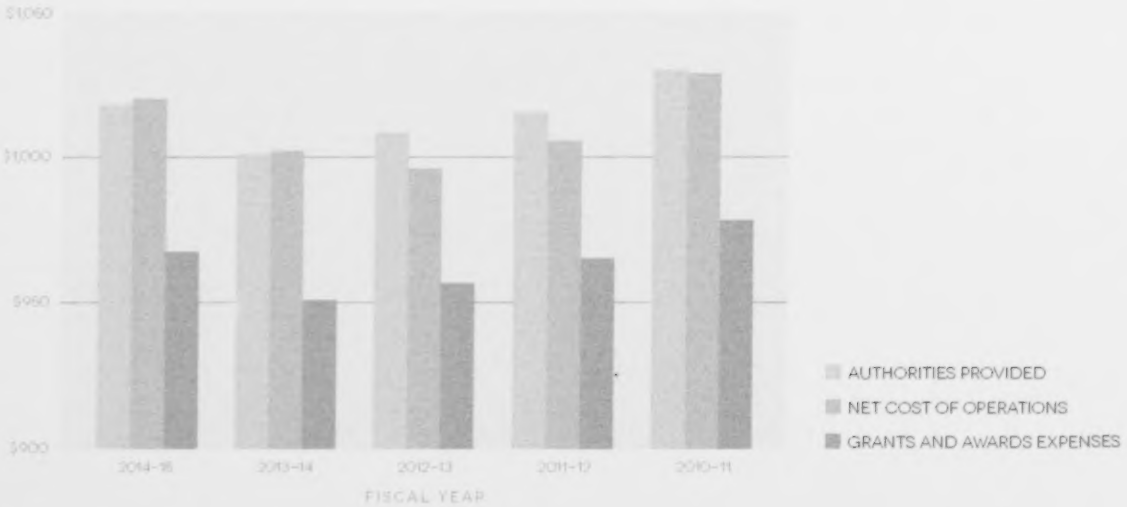
FOR THE YEAR ENDED MARCH 31	% CHANGE	2015	2014
Grants and awards	1.8%	$ 967.5	$ 950.8
Total operating expenses	0.0%	$ 62.2	$ 62.2

Grants and awards expenditures increased by 1.8% (or $16.7 million) in 2014-15 due to increased Parliamentary appropriations being apportioned to CIHR for grants (as outlined in section 4.1). Total operating expenses were consistent with those incurred in the prior fiscal year.

5. TREND ANALYSIS

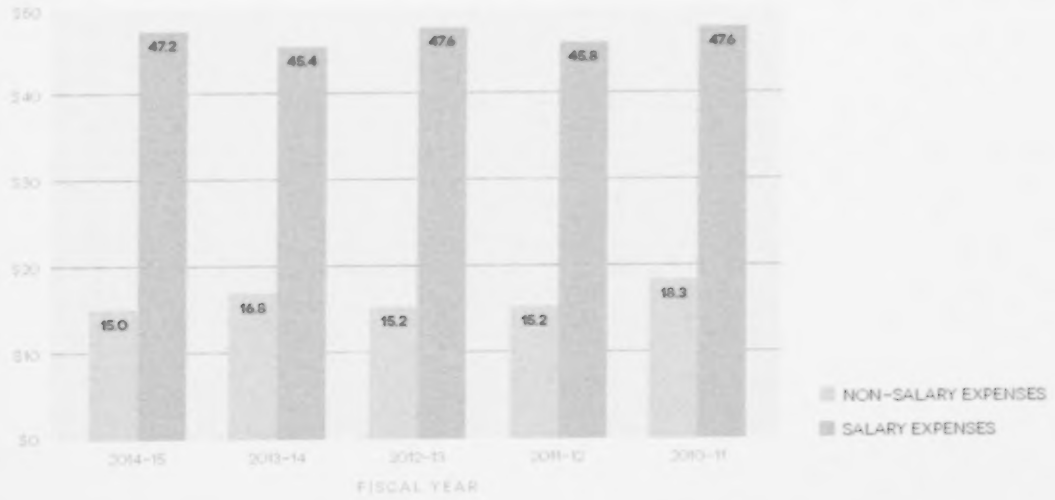
5.1. GRANTS AND AWARDS (G&A)

CIHR NET COST OF OPERATIONS AND G&A EXPENSES (IN MILLIONS OF DOLLARS)



As evidenced by the above chart, net cost of operations and grants and awards expenses increase or decrease on a yearly basis in relative proportion to changes in the Parliamentary authorities provided to CIHR by the Government of Canada.

5.2. OPERATING EXPENSES (IN MILLIONS OF DOLLARS)



- Salary and employee benefit expenditures increased by $1.8 million (or 4.0%) in 2014-15.
- In 2014-15, salaries and employee benefits made up 76.0% of total operating expenses as compared to 73.0% in the prior year.
- Total operating expenses incurred were equivalent to those incurred in 2013-14.
- The ratio of operating expenses to total expenses was 6.0% in 2014-15 as compared to 6.2% in 2013-14.

FINANCIAL OUTLOOK — 2015-16

The Government continues to recognize the importance of fostering a strong and advanced research environment in Canada. The creation of knowledge, application of scientific discoveries and development of highly qualified people bring vast social and economic benefits for Canadians. The Government's 2015 Economic Action Plan includes several measures aimed at strengthening the research capacity of post-secondary institutions and supporting their interactions with the private sector. Budget 2015 allocated an additional $15 million per year to CIHR (starting in 2016-17), including $13 million toward the expansion of the Strategy for Patient-Oriented Research initiative, to advance health care innovation in partnership with provincial governments, research institutions, and the private and not-for-profit sectors, with a view to increasing the effectiveness and efficiency of the health care system. The balance of $2 million per year will support additional research to better understand and address the health challenges posed by anti-microbial resistant infections.

CIHR's 2015-16 total budget could also increase once competition results of the Canada First Research Excellence Fund (CFREF) and the Centres of Excellence for Commercialization and Research (CECR) programs are determined. CFREF is a new federal program that will help Canadian post-secondary research institutions leverage their key strengths into world-leading capabilities that will generate benefits for Canadians. The CFREF program is administered by the Social Sciences and Humanities Research Council (SSHRC) on behalf of the three federal granting councils. The Fund will be competitively allocated (based on peer review), with funding allocated to CIHR following each competition should any applications align with CIHR's health research mandate. Funding for the CECR program is similarly allocated to each of the three granting councils dependent on the recipients' alignment with the research mandate of each agency. As such, CIHR's 2015-16 budget may increase as a result of successful health-oriented projects within the competitions.

It is expected that CIHR's total budget will continue to exceed $1 billion in 2015-16 and be consistent with budgetary levels from 2014-15. CIHR expects to remain in good financial position as the Government of Canada has returned to fiscal balance.

AUDITORS' REPORT AND FINANCIAL STATEMENTS

CANADIAN INSTITUTES OF HEALTH RESEARCH

STATEMENT OF MANAGEMENT RESPONSIBILITY INCLUDING INTERNAL CONTROL OVER FINANCIAL REPORTING

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2015, and all information contained in these statements rests with the management of the Canadian Institutes of Health Research (CIHR). These financial statements have been prepared by management using the Government's accounting policies, which are based on Canadian public sector accounting standards.

Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgment, and gives due consideration to materiality. To fulfill its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of CIHR's financial transactions. Financial information submitted in the preparation of the Public Accounts of Canada, and included in CIHR's *Departmental Performance Report*, will be consistent with these financial statements.

Management is also responsible for maintaining an effective system of internal control over financial reporting (ICFR) designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are properly authorized and recorded in accordance with the *Financial Administration Act* and other applicable legislation, regulations, authorities and policies.

Management seeks to ensure the objectivity and integrity of data in its financial statements through careful selection, training, and development of qualified staff; through organizational arrangements that provide appropriate divisions of responsibility; through communication programs aimed at ensuring that regulations, policies, standards and managerial authorities are understood throughout CIHR; and through conducting an annual risk-based assessment of the effectiveness of the system of ICFR.

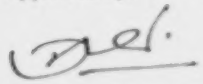
The system of ICFR is designed to mitigate risks to a reasonable level based on an ongoing process to identify key risks, to assess the effectiveness of associated key controls, and to make any necessary adjustments.

A risk-based assessment of the system of ICFR for the year ended March 31, 2015 was completed in accordance with the Treasury Board *Policy on Internal Control* and the results and action plans are summarized in the annex.[1]

The effectiveness and adequacy of CIHR's system of internal control is reviewed by the work of internal audit staff under the auspices of the Chief Audit Executive, who conducts periodic assessments of different areas of CIHR's operations, and reviewed by CIHR's Audit Committee, which oversees management's responsibilities for maintaining adequate control systems and the quality of financial reporting, and which recommends the financial statements to the President of CIHR and its Governing Council.

Ernst & Young LLP, the independent auditor for CIHR, has expressed an opinion on the fair presentation of the financial statements of CIHR which does not include an audit opinion on the annual assessment of the effectiveness of CIHR's internal controls over financial reporting.

Approved by:



Alain Beaudet, MD, PhD
President

Thérèse Roy, CPA, CA (Quebec)
Chief Financial Officer
Vice-President, Resource Planning and Management

Ottawa, Canada
June 26, 2015

1 Summary of the Assessment of Effectiveness of the Systems of Internal Control over Financial Reporting and the Action Plan of the Canadian Institutes of Health Research for the Fiscal Year 2014-15 (Unaudited).

EY

INDEPENDENT AUDITORS' REPORT

TO THE FINANCE AND AUDIT COMMITTEE OF THE GOVERNING COUNCIL CANADIAN INSTITUTES OF HEALTH RESEARCH

We have audited the accompanying financial statements of the **Canadian Institutes of Health Research**, which comprise the statement of financial position as at March 31, 2015, and the statements of operations and departmental net financial position, of change in departmental net debt and of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of the **Canadian Institutes of Health Research** as at March 31, 2015, and the results of its operations, changes in net debt, and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Ottawa, Canada,
June 26, 2015

CANADIAN INSTITUTES OF HEALTH RESEARCH

STATEMENT OF FINANCIAL POSITION

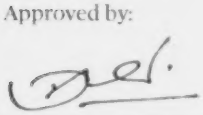
AS AT MARCH 31

(IN THOUSANDS OF DOLLARS)	2015	2014
LIABILITIES		
Accounts payable and accrued liabilities (note 4)	$ 5,147	$ 4,105
Vacation pay and compensatory leave	2,086	2,000
Deferred revenue (note 5)	6,520	6,760
Employee future benefits (note 6)	1,264	1,530
TOTAL LIABILITIES	**15,017**	**14,395**
FINANCIAL ASSETS		
Due from the Consolidated Revenue Fund	$ 11,667	$ 10,857
Accounts receivable and advances (note 7)	463	339
TOTAL FINANCIAL ASSETS	**12,130**	**11,196**
DEPARTMENTAL NET DEBT	**$ 2,887**	**$ 3,199**
NON-FINANCIAL ASSETS		
Prepaid expenses	$ 487	$ 427
Tangible capital assets (note 8)	552	569
TOTAL NON-FINANCIAL ASSETS	**1,039**	**996**
DEPARTMENTAL NET FINANCIAL POSITION	**$ (1,848)**	**$ (2,203)**

Contractual obligations (note 9)
Contingent liabilities (note 10)

The accompanying notes form an integral part of these financial statements.

Approved by:



Alain Beaudet, MD, PhD
President

Thérèse Roy, CPA, CA (Quebec)
Chief Financial Officer
Vice-President, Resource Planning and Management

Ottawa, Canada
June 26, 2015

CANADIAN INSTITUTES OF HEALTH RESEARCH

STATEMENT OF OPERATIONS AND DEPARTMENTAL NET FINANCIAL POSITION

FOR THE YEAR ENDED MARCH 31

(IN THOUSANDS OF DOLLARS)	2015 PLANNED RESULTS (NOTE 2)	2015	2014
EXPENSES			
Investigator-Initiated Health Research	$ 737,868	$ 728,321	$ 703,894
Priority-Driven Health Research	258,019	295,831	302,042
Internal Services	3,480	3,565	2,948
TOTAL EXPENSES	**999,367**	**1,027,717**	**1,008,884**
REVENUES			
Investigator-Initiated Health Research	$ 7,239	$ 356	$ –
Priority-Driven Health Research	2,461	7,262	6,854
TOTAL REVENUES	**9,700**	**7,618**	**6,854**
NET COST OF OPERATIONS BEFORE GOVERNMENT FUNDING AND TRANSFERS	**$ 989,667**	**$ 1,020,099**	**$ 1,002,030**
GOVERNMENT FUNDING AND TRANSFERS			
Net cash provided by Government	$ 982,739	$ 1,014,350	$ 990,260
Change in Due from the Consolidated Revenue Fund	916	810	2,636
Services provided without charge by other government departments (note 11)	6,443	6,670	6,589
Transfer of the transition payments for implementing salary payments in arrears (note 12)	–	(1,376)	–
NET COST OF OPERATIONS AFTER GOVERNMENT FUNDING AND TRANSFERS	**(431)**	**(355)**	**2,545**
DEPARTMENTAL NET FINANCIAL POSITION – BEGINNING OF YEAR	**(1,689)**	**(2,203)**	**342**
DEPARTMENTAL NET FINANCIAL POSITION – END OF YEAR	**$ (1,258)**	**$ (1,848)**	**$ (2,203)**

Segmented information (note 13)

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGE IN DEPARTMENTAL NET DEBT

FOR THE YEAR ENDED MARCH 31

(IN THOUSANDS OF DOLLARS)	2015 PLANNED RESULTS (NOTE 2)	2015	2014
NET COST OF OPERATIONS AFTER GOVERNMENT FUNDING AND TRANSFERS	$ (431)	$ (355)	$ 2,545
CHANGE DUE TO TANGIBLE CAPITAL ASSETS			
Acquisition of tangible capital assets	987	214	141
Amortization of tangible capital assets	(473)	(218)	(2,063)
Loss on disposal of capital assets	–	(13)	–
TOTAL CHANGE DUE TO TANGIBLE CAPITAL ASSETS	514	(17)	(1,922)
CHANGE DUE TO PREPAID EXPENSES	–	60	(179)
NET INCREASE (DECREASE) IN DEPARTMENTAL NET DEBT	83	(312)	444
DEPARTMENTAL NET DEBT – BEGINNING OF YEAR	3,070	3,199	2,755
DEPARTMENTAL NET DEBT – END OF YEAR	$ 3,153	$ 2,887	$ 3,199

The accompanying notes form an integral part of these financial statements.

CANADIAN INSTITUTES OF HEALTH RESEARCH

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31

(IN THOUSANDS OF DOLLARS)	2015	2014
OPERATING ACTIVITIES		
Net cost of operations before government funding and transfers	$ 1,020,099	$ 1,002,030
Non-cash items:		
Amortization of tangible capital assets	(218)	(2,063)
Services provided without charge by other government departments (note 11)	(6,670)	(6,589)
Transition payments for implementing salary payments in arrears (note 12)	1,376	
Loss on disposal of capital assets	(13)	
Variations in Statement of Financial Position:		
Increase (decrease) in accounts receivable and advances	124	(769)
Increase (decrease) in prepaid expenses	60	(179)
(Increase) decrease in accounts payable and accrued liabilities	(1,042)	163
(Increase) decrease in vacation pay and compensatory leave	(86)	84
Decrease (increase) in deferred revenue	240	(2,799)
Decrease in future employee benefits	266	241
CASH USED IN OPERATING ACTIVITIES	**1,014,136**	**990,119**
CAPITAL ACTIVITIES		
Acquisitions of tangible capital assets	214	141
CASH USED IN CAPITAL ACTIVITIES	**214**	**141**
NET CASH PROVIDED BY GOVERNMENT OF CANADA	**$ 1,014,350**	**$ 990,260**

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2015

1. AUTHORITY AND OBJECTIVES

The Canadian Institutes of Health Research (CIHR) was established in June 2000 under the *Canadian Institutes of Health Research Act*, replacing the former Medical Research Council of Canada. It is listed in Schedule II to the *Financial Administration Act* as a departmental corporation.

CIHR's objective is to excel, according to international standards of scientific excellence, in the creation of new knowledge, and its translation into improved health, more effective health services and products, and a strengthened Canadian health care system. CIHR's strategic outcome is as follows: Canada is a world leader in the creation, dissemination and application of health research knowledge. The strategic outcome is achieved based on two programs. The first program is Investigator-Initiated Health Research, to develop and support a well-trained base of world-class health researchers and trainees conducting research across all aspects of health, including biomedical research, clinical research, research respecting health systems, health services, the health of populations, societal and cultural dimensions of health and environmental influences on health, and other research as required. The goal of the Investigator-Initiated Health Research Program is to advance health knowledge and to apply this knowledge in order to improve health systems and/or health outcomes. The second program is Priority-Driven Health Research, which provides funding to researchers for emergent and targeted research that responds to the changing health needs and priorities of Canadians across all aspects of health, including biomedical research, clinical research, research respecting health systems, health services, the health of populations, societal and cultural dimensions of health and environmental influences on health, and other research as required. The goal of the Priority-Driven Health Research program is to advance health knowledge and its application in specific areas of research identified by CIHR in consultation with other government departments, partners and stakeholders, in order to improve health systems and/or health outcomes in these priority areas.

CIHR is led by a President who is the Chairperson of a Governing Council of not more than eighteen members appointed by the Governor in Council. The Governing Council sets overall strategic direction, goals and policies and oversees programming, resource allocation, ethics, finances, planning and accountability.

CIHR has thirteen Institutes that focus on identifying the research needs and priorities for specific health areas, or for specific populations, then developing strategic initiatives to address those needs. Each Institute is led by a Scientific Director who is guided by an Institute Advisory Board, which strives to include representation of the public, researcher communities, research funders, health professionals, health policy specialists and other users of research results.

CIHR's grants, awards and operating expenditures are funded by budgetary authorities. Employee benefits are funded by statutory authorities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared using the Government's accounting policies stated below, which are based on Canadian public sector accounting standards. The presentation and results using the stated accounting policies do not result in any significant differences from Canadian public sector accounting standards.

Significant accounting policies are as follows:

(A) PARLIAMENTARY AUTHORITIES – CIHR is financed by the Government of Canada through Parliamentary authorities. Financial reporting of authorities provided to CIHR does not parallel financial reporting according to generally accepted accounting principles since authorities are primarily based on cash flow requirements. Consequently, items recognized in the Statement of Operations and Departmental Net Financial Position and the Statement of Financial Position are not necessarily the same as those provided through authorities from Parliament. Note 3 provides a reconciliation between the bases of reporting. The planned results amounts in the "Expenses" and "Revenues" sections of the Statement of Operations and Departmental Net Financial Position are the amounts reported in the future-oriented Statement of Operations included in the 2014-15 Report on Plans and Priorities (Unaudited).

(B) NET CASH PROVIDED BY GOVERNMENT – CIHR operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by CIHR is deposited to the CRF and all cash disbursements made by CIHR are paid from the CRF. The net cash provided by Government is the difference between all cash receipts and all cash disbursements, including transactions between departments of the Government.

(C) AMOUNTS DUE FROM THE CRF are the result of timing differences at year end between when a transaction affects authorities and when it is processed through the CRF. Amounts due from the CRF represent the net amount of cash that CIHR is entitled to draw from the CRF without further authorities to discharge its liabilities.

(D) REVENUES

- Funds received from external parties for specified purposes are recorded upon receipt as deferred revenue. These revenues are recognized in the period in which the related expenses are incurred.
- Funds that have been received are recorded as deferred revenue, provided CIHR has an obligation to other parties for the provision of goods, services, or the use of assets in the future.
- Other revenues are accounted for in the period in which the underlying transaction or event that gave rise to the revenue takes place.

(E) EXPENSES – EXPENSES ARE RECORDED ON THE ACCRUAL BASIS:

- Grants and awards (transfer payments) are recorded as expenses when authorization for the payment exists and the recipient has met the eligibility criteria or the entitlements established for the transfer payment program. In situations where payments do not form part of an existing program, transfer payments are recorded as expenses when the Government announces a decision to make a non-recurring transfer, provided the enabling legislation or authorization for payment receives parliamentary approval prior to the completion of the financial statements.
- Vacation pay and compensatory leave are accrued as the benefits are earned by employees under their respective terms of employment.
- Services provided without charge by other government departments for accommodation and employer contributions to the health and dental insurance plans are recorded as operating expenses at their estimated cost.

(F) REFUNDS OF PREVIOUS YEARS' EXPENSES – These amounts include the return of grants and awards funds to CIHR in the current fiscal year for expenses incurred in previous fiscal years due to cancellations, refunds of previous years' expenses related to goods or services, and adjustments of previous years' accounts payable. These refunds and adjustments are presented against the related expenses in the financial statements but are recorded as revenue in accordance with accounting policies and therefore are excluded when determining current year authorities used.

(G) EMPLOYEE FUTURE BENEFITS

- Pension benefits: Eligible employees participate in the Public Service Pension Plan (the Plan), a multiemployer defined benefit pension plan administered by the Government. CIHR's contributions to the Plan are charged to expenses in the year incurred and represent the total departmental obligation to the Plan. CIHR's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.
- Severance benefits – CIHR executives and non-represented employees: Prior to October 2, 2011, CIHR executives and non-represented employees were entitled to severance benefits under labour contracts or conditions of employment for voluntary and involuntary departures. These benefits were accrued as employees rendered the services necessary to earn them. Effective October 2, 2011, CIHR non-represented employees and executives were no longer eligible to accrue severance benefits for voluntary departures (e.g. resignation and retirement). Employees were provided with three options in relation to the severance termination provisions, such as the immediate payout of the accumulated weeks of severance at their current rate of pay, retain the accumulated weeks of severance with a payout upon termination of employment with CIHR or retirement at their exit rate of pay, or a combination thereof. These changes have been reflected in the calculation of the outstanding severance benefit obligation. Severance benefits continue to accrue for involuntary departures, however, benefits payable would be reduced by the severance termination option exercised for service up to and including October 1, 2011, should an involuntary departure occur.

(H) ACCOUNTS RECEIVABLE AND ADVANCES are stated at the lower of cost and net recoverable value. A valuation allowance is recorded for receivables and advances where recovery is considered uncertain.

(I) CONTINGENT LIABILITIES – Contingent liabilities are potential liabilities that may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

(J) TANGIBLE CAPITAL ASSETS – All tangible capital assets having an individual initial cost of $5,000 or more are recorded at their acquisition cost.

Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the capital asset as follows:

ASSET CLASS	AMORTIZATION PERIOD
Informatics hardware	3–5 years
Informatics software	3–10 years
Office equipment	10 years
Vehicles	5 years

Assets under construction are recorded in the applicable capital asset class in the year they become available for use and are not amortized until they become available for use.

(K) MEASUREMENT UNCERTAINTY – The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in the financial statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. The most significant items where estimates are used are contingent liabilities, the liability for employee future benefits and the useful life of tangible capital assets. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

3. PARLIAMENTARY AUTHORITIES

CIHR receives most of its funding through annual Parliamentary authorities. Items recognized in the Statement of Operations and Departmental Net Financial Position and the Statement of Financial Position in one year may be funded through Parliamentary authorities in prior, current or future years. Accordingly, CIHR has different net results of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

(A) RECONCILIATION OF NET COST OF OPERATIONS TO CURRENT YEAR AUTHORITIES USED

(IN THOUSANDS OF DOLLARS)	2015	2014
NET COST OF OPERATIONS BEFORE GOVERNMENT FUNDING AND TRANSFERS	**$ 1,020,099**	**$ 1,002,030**
Adjustments for items affecting net cost of operations but not affecting authorities:		
Amortization of tangible capital assets	(218)	(2,063)
Services provided without charge by other government departments	(6,670)	(6,589)
(Increase) decrease in vacation pay and compensatory leave	(86)	84
Decrease in employee future benefits	266	241
Refunds of previous years' grants and awards	1,897	4,105
Bad debt expense	(22)	–
Loss on disposal of capital assets	(13)	–
Other adjustments	376	202
	(4,470)	(4,020)
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisition of tangible capital assets	214	141
Transition payments for implementing salary payments in arrears	1,376	–
Increase (decrease) in prepaid expenses	60	(179)
	1,650	(38)
CURRENT YEAR AUTHORITIES USED	**$ 1,017,279**	**$ 997,972**

(B) AUTHORITIES PROVIDED AND USED

(IN THOUSANDS OF DOLLARS)	2015	2014
Authorities provided:		
Vote 1 – Operating expenditures	$ 51,991	$ 50,750
Vote 5 – Grants	960,201	944,402
Statutory amounts	5,843	5,887
Less:		
Authorities available for future years	(400)	(2,318)
Lapsed: Operating	–	(302)
Lapsed: Grants	(356)	(447)
CURRENT YEAR AUTHORITIES USED	**$ 1,017,279**	**$ 997,972**

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The following table presents details of CIHR's accounts payable and accrued liabilities:

(IN THOUSANDS OF DOLLARS)	2015	2014
Accounts payable – Other government departments and agencies	$ 427	$ 195
Accounts payable – External parties	1,356	1,271
Total accounts payable	1,783	1,466
Accrued liabilities	3,364	2,639
TOTAL ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	**$ 5,147**	**$ 4,105**

5. DEFERRED REVENUE

Deferred revenue represents the balance at year end of unearned revenues stemming from amounts received from external parties that are restricted in order to fund the expenditures related to specific research projects and stemming from amounts received for fees prior to services being performed. Revenue is recognized in the period in which these expenditures are incurred or in which the service is performed. Details of the transactions related to this account are as follows:

(IN THOUSANDS OF DOLLARS)	2015	2014
OPENING BALANCE	**$ 6,760**	**$ 3,961**
Amounts received	7,378	9,653
Revenue recognized	(7,618)	(6,854)
CLOSING BALANCE	**$ 6,520**	**$ 6,760**

6. EMPLOYEE FUTURE BENEFITS

(A) PENSION BENEFITS:

CIHR's employees participate in the public service pension plan (the "Plan"), which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with the Canada/Québec Pension Plans benefits and they are indexed to inflation.

Both the employees and CIHR contribute to the cost of the Plan. Due to the amendment of the *Public Service Superannuation Act* following the implementation of provisions related to the *Economic Action Plan 2012*, employee contributors have been divided into two groups – Group 1 relates to existing plan members as of December 31, 2012 and Group 2 relates to members joining the Plan as of January 1, 2013. Each group has a distinct contribution rate.

The 2014-15 expense amounts to $3,994 ($4,139 in 2013-14). For Group 1 members, the expense represents approximately 1.41 times (1.6 times in 2013-14) the employee contributions and, for Group 2 members, approximately 1.39 times (1.5 times in 2013-14) the employee contributions.

CIHR's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.

(B) SEVERANCE BENEFITS:

CIHR provides severance benefits to its employees based on eligibility, years of service and salary at termination of employment. These severance benefits are not pre-funded. Benefits will be paid from future authorities. Information about the severance benefits, estimated as at the date of these financial statements, is as follows.

As part of collective agreement negotiations with certain employee groups, and changes to conditions of employment of CIHR executives and non-represented employees, the accumulation of severance benefits under the employee severance pay program ceased for these employees commencing in fiscal year 2011-12. Employees subject to these changes have been given the option to be immediately paid the full or partial value of benefits earned to date or collect the full remaining value of benefits on termination from the public service. These changes have been reflected in the calculation of the outstanding severance benefit obligation.

(IN THOUSANDS OF DOLLARS)	2015	2014
ACCRUED BENEFIT OBLIGATION – BEGINNING OF YEAR	**$ 1,530**	**$ 1,771**
Expense for the year	26	12
Benefits paid during the year	(292)	(253)
ACCRUED BENEFIT OBLIGATION – END OF YEAR	**$ 1,264**	**$ 1,530**

7. ACCOUNTS RECEIVABLE AND ADVANCES

The following table presents details of CIHR's accounts receivable and advances balances:

(IN THOUSANDS OF DOLLARS)	2015	2014
Receivables – Other government departments and agencies	$ 227	$ 175
Receivables – External parties	257	163
Accountable advances	1	1
	485	339
Allowance for doubtful accounts on receivables from external parties	(22)	–
NET ACCOUNTS RECEIVABLE	**$ 463**	**$ 339**

8. TANGIBLE CAPITAL ASSETS

(IN THOUSANDS OF DOLLARS)

	COST				ACCUMULATED AMORTIZATION				NET BOOK VALUE	
CAPITAL ASSET CLASS	OPENING BALANCE	ACQUI-SITIONS	DISPOSALS AND WRITEOFFS	CLOSING BALANCE	OPENING BALANCE	AMORTI-ZATION	DISPOSALS AND WRITEOFFS	CLOSING BALANCE	2015	2014
Informatics hardware	$ 1,465	$ 206	$ –	$ 1,671	$ 1,053	$ 185	$ –	$ 1,238	$ 433	$ 412
Informatics software	11,823	–	–	11,823	11,801	8	–	11,809	14	22
Office equipment	452	8	(30)	430	329	21	(17)	333	97	123
Vehicles	28	–	–	28	16	4	–	20	8	12
TOTAL	**$ 13,768**	**$ 214**	**$ (30)**	**$ 13,952**	**$ 13,199**	**$ 218**	**$ (17)**	**$ 13,400**	**$ 552**	**$ 569**

Amortization expense (in thousands of dollars) for the year ended March 31, 2015 is $218 (2014: $2,063).

9. CONTRACTUAL OBLIGATIONS

The nature of CIHR's activities can result in some large multi-year contracts and obligations whereby CIHR will be obligated to make some future payments in order to carry out its grants and awards payment programs or when the services/goods are received. Significant contractual obligations that can be reasonably estimated are summarized as follows:

(IN THOUSANDS OF DOLLARS)

CONTRACTUAL OBLIGATIONS	2016	2017	2018	2019	2020 AND THEREAFTER	TOTAL
Grants and awards	$ 760,419	$ 570,742	$ 379,532	$ 212,297	$ 76,145	$ 1,999,135
Operating expenditures	3,497	223	51	–	–	3,771
TOTAL	**$ 763,916**	**$ 570,965**	**$ 379,583**	**$ 212,297**	**$ 76,145**	**$ 2,002,906**

10. CONTINGENT LIABILITIES

CIHR may be subject to claims in the normal course of business. In management's view, there are currently no such claims with a material impact on the financial statements and, consequently, no provision has been made.

11. RELATED PARTY TRANSACTIONS

CIHR is related as a result of common ownership to all government departments, agencies and Crown corporations. CIHR enters into transactions with these entities in the normal course of business and on normal trade terms. During the year, CIHR received common services which were obtained without charge from other government departments as disclosed below.

(A) COMMON SERVICES PROVIDED WITHOUT CHARGE BY OTHER GOVERNMENT DEPARTMENTS

During the year, CIHR received services without charge from certain common service organizations, related to accommodation and the employer's contribution to the health and dental insurance plans. These services provided without charge have been recorded in CIHR's Statement of Operations and Departmental Net Financial Position as follows:

(IN THOUSANDS OF DOLLARS)	2015	2014
Accommodation provided by Public Works and Government Services Canada	$ 3,477	$ 3,538
Employer's contribution to the health and dental insurance plans provided by Treasury Board Secretariat	3,193	3,051
TOTAL	**$ 6,670**	**$ 6,589**

The Government has centralized some of its administrative activities for efficiency, cost-effectiveness purposes and economic delivery of programs to the public. As a result, the Government uses central agencies and common service organizations so that one department performs services for all other departments and agencies without charge. The costs of these services, such as the payroll and cheque issuance services provided by Public Works and Government Services Canada, are not included in CIHR's Statement of Operations and Departmental Net Financial Position.

(B) ADMINISTRATION OF CIHR FUNDS BY OTHER GOVERNMENT DEPARTMENTS

Other federal departments and agencies administer funds on behalf of CIHR to issue grants, awards and related payments. Other federal departments and agencies administered $96,515,793 in funds for grants and awards in 2014-15 ($96,702,331 in 2013-14), primarily pertaining to the Canada Research Chairs program. These expenses are reflected in CIHR's Statement of Operations and Departmental Net Financial Position.

12. TRANSFER OF THE TRANSITION PAYMENTS FOR IMPLEMENTING SALARY PAYMENTS IN ARREARS

The Government of Canada implemented salary payments in arrears in 2014-15. As a result, a one-time payment was issued to employees and will be recovered from them in the future. The transition to salary payments in arrears forms part of the transformation initiative that replaces the pay system and also streamlines and modernizes the pay processes. This change to the pay system had no impact on the expenses of the Agency. However, it did result in the use of additional spending authorities by the Agency. Prior to year end, the transition payments for implementing salary payments in arrears were transferred to a central account administered by Public Works and Government Services Canada, which is responsible for the administration of the government pay system.

13. SEGMENTED INFORMATION

Presentation by segment is based on CIHR's program alignment architecture. The presentation by segment is based on the same accounting policies as described in the Summary of significant accounting policies in note 2. The following table presents the expenses incurred and revenues generated for the main programs, by major object of expense and by major type of revenue. The segment results for the period are as follows:

	2015				2014
(IN THOUSANDS OF DOLLARS)	INVESTIGATOR-INITIATED HEALTH RESEARCH	PRIORITY-DRIVEN HEALTH RESEARCH	INTERNAL SERVICES	TOTAL	TOTAL
Transfer payments					
Grants and awards	$ 691,290	$ 276,173	$ –	$ 967,463	$ 950,809
Refunds of previous years' grants and awards	(1,295)	(602)	–	(1,897)	(4,105)
Total transfer payments	689,995	275,571	–	965,566	946,704
Operating expenses					
Salaries and employee benefits	28,591	15,948	2,700	47,239	45,407
Professional and special services	3,637	1,615	320	5,572	3,963
Accommodation	2,271	1,007	199	3,477	3,538
Travel	1,594	708	140	2,442	3,506
Other	1,277	557	123	1,957	2,242
Furniture, equipment and software	443	197	39	679	663
Communication	370	165	32	567	798
Amortization of tangible capital assets	143	63	12	218	2,063
Total operating expenses	38,326	20,260	3,565	62,151	62,180
Total expenses	728,321	295,831	3,565	1,027,717	1,008,884
Revenues					
Donations for health research	356	7,262	–	7,618	6,854
Total revenues	356	7,262	–	7,618	6,854
NET COST FROM CONTINUING OPERATIONS	**$ 727,965**	**$ 288,569**	**$ 3,565**	**$ 1,020,099**	**$ 1,002,030**

14. COMPARATIVE INFORMATION

Comparative figures have been reclassified to conform to the current year's presentation.